

**NSG**

**GROUP**

# **NSG Group**

## **FY2016 Quarter 3 Results**

**(from 1 April 2015 to 31 December 2015)**

# **Shigeki Mori**

**Chief Executive Officer**

# **Mark Lyons**

**Chief Financial Officer**

# **Iain Smith**

**Head of Accounting and Taxation**

# FY2016 Q3 Results

(from 1 April 2015 to 31 December 2015)



## Agenda

Key Points

Financial Results

Business Update

Forecast and Summary

# Key Points - April to December 2015



- Trading profit improving from previous quarters
- Challenging competitive environment in Display business
- Indications of improving outlook in Europe
- Improved performance in Japan
- Performance in North America and South East Asia remains strong
- Difficult market conditions persist in South America

# **FY2016 Q3 Results**

**(from 1 April 2015 to 31 December 2015)**



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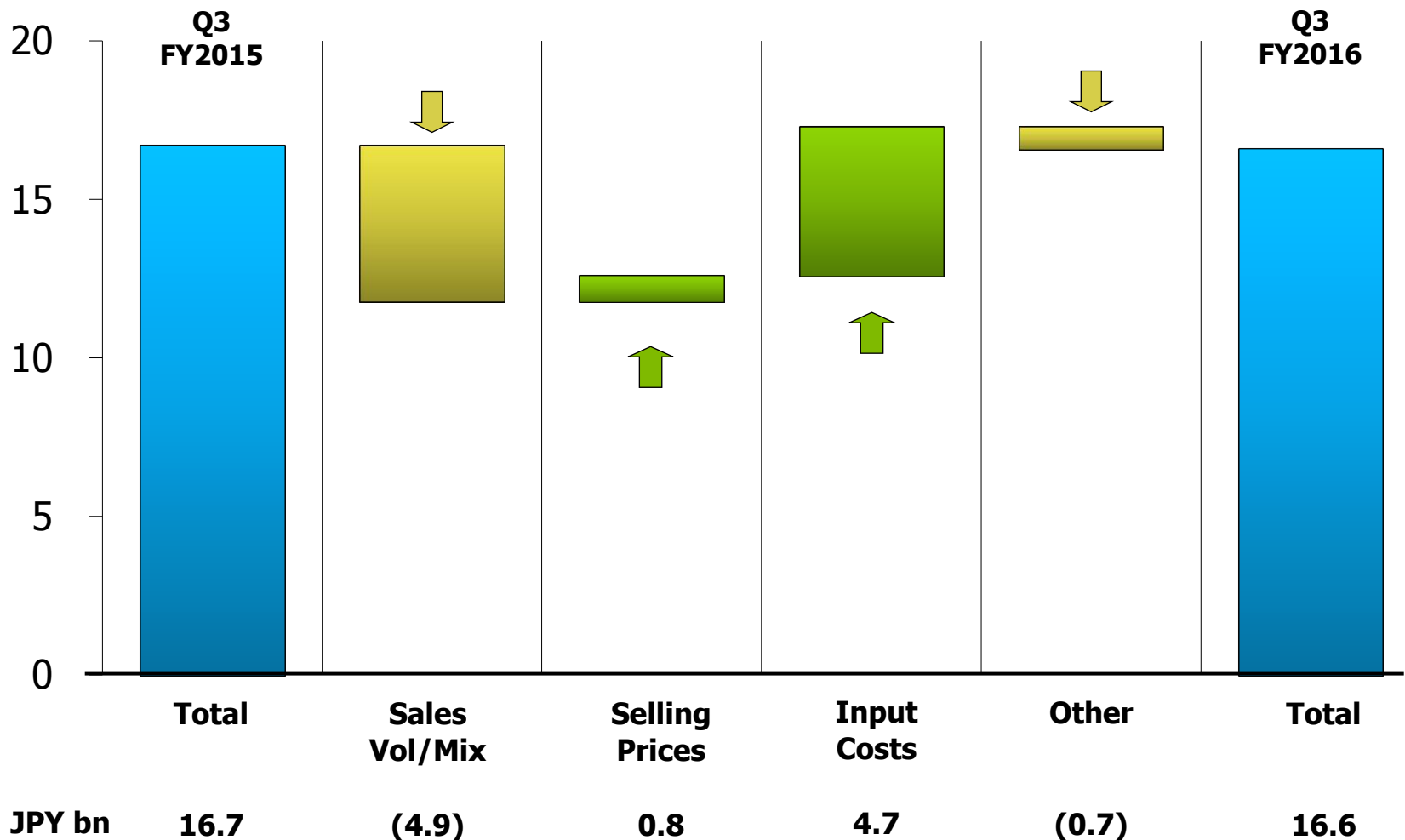
# Consolidated Income Statement

| (JPY bn)  | <u>Cum Q3</u><br><u>FY2016</u> | <u>Cum Q3</u><br><u>FY2015</u> |
|---|--------------------------------|--------------------------------|
| <b>Revenue</b>  | <b>479.6</b>                   | <b>466.6</b>                   |
| <b>Trading profit</b>                                     | <b>16.6</b>                    | <b>16.7</b>                    |
| Amortization*   | (6.0)                          | (6.3)                          |
| <b>Operating profit</b>                                   | <b>10.6</b>                    | <b>10.4</b>                    |
| Exceptional items   | (3.2)                          | 10.7                           |
| Finance expenses (net)                                    | (13.7)                         | (13.4)                         |
| Share of JVs and associates                               | (1.0)                          | (0.4)                          |
| <b>Profit/(loss) before taxation</b>                      | <b>(7.3)</b>                   | <b>7.3</b>                     |
| <b>Profit/(loss) for the period</b>                       | <b>(12.3)</b>                  | <b>5.4</b>                     |
| <b>Profit/(loss) attributable to owners of the parent</b> | <b>(14.1)</b>                  | <b>4.7</b>                     |
| EBITDA  | 41.9                           | 41.2                           |

\* Amortization arising from the acquisition of Pilkington plc only

# Change Analysis

## Trading profit





# Consolidated Cash Flow Summary

(JPY bn)

|  | <u>Cum Q3<br/>FY2016</u> | <u>Cum Q3<br/>FY2015</u> |
|--|--------------------------|--------------------------|
| Profit/(loss) for the period                                       | (12.3)                   | 5.4                      |
| Depreciation and amortization                                      | 31.3                     | 31.2                     |
| Net interest paid  | (10.7)                   | (10.5)                   |
| Tax paid   | (2.9)                    | (3.3)                    |
| Gain on reclassification of investment                             | -                        | (13.3)                   |
| Others   | 9.5                      | (4.0)                    |
| <b>Net operating cash flows before movement in working capital</b> | <b>14.9</b>              | <b>5.5</b>               |
| Net change in working capital                                      | (13.7)                   | (7.9)                    |
| <b>Net cash inflow/(outflow) from operating activities</b>         | <b>1.2</b>               | <b>(2.4)</b>             |
| Purchase of property, plant and equipment                          | (23.0)                   | (21.8)                   |
| Others   | (0.4)                    | 4.9                      |
| <b>Net cash outflow from investing activities</b>                  | <b>(23.4)</b>            | <b>(16.9)</b>            |
| <b>Cash flow before financing activities</b>                       | <b>(22.2)</b>            | <b>(19.3)</b>            |

# Key Performance Indicators

|                            | <b><u>31-Dec-15</u></b> | <b><u>31-Dec-14</u></b> |
|----------------------------|-------------------------|-------------------------|
| Net Debt (JPY bn)          | 399                     | 406                     |
| Net Debt/EBITDA            | 6.8x                    | 7.0x                    |
| Net Debt/Equity Ratio      | 2.3                     | 1.8                     |
|                            | <b><u>Q3 FY2016</u></b> | <b><u>Q3 FY2015</u></b> |
| EBITDA Interest Cover      | 3.4x                    | 3.5x                    |
| Operating Return* on Sales | 3.5%                    | 3.6%                    |

\* trading profit

# FY2016 Q3 Results

(from 1 April 2015 to 31 December 2015)



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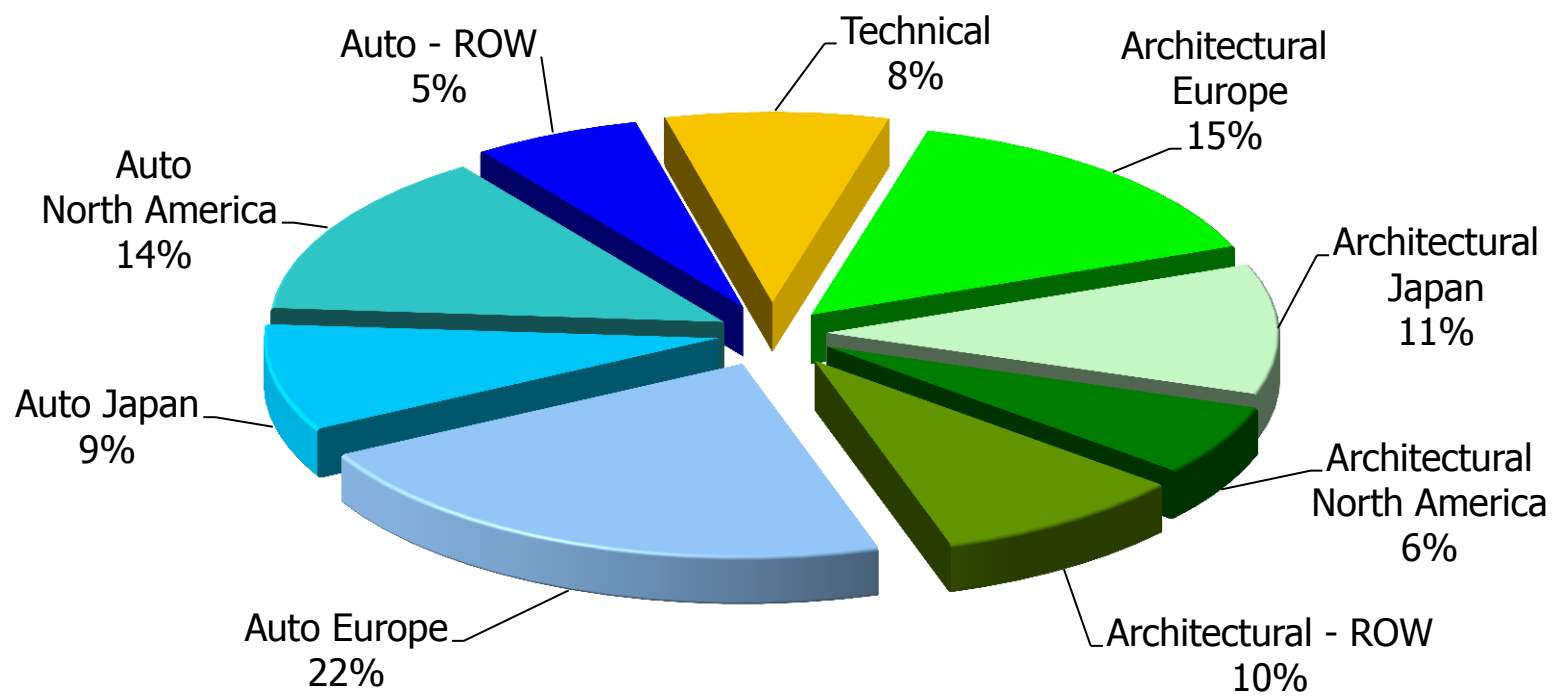
Financial Results

**Business Update**

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# External Revenue – Group Businesses

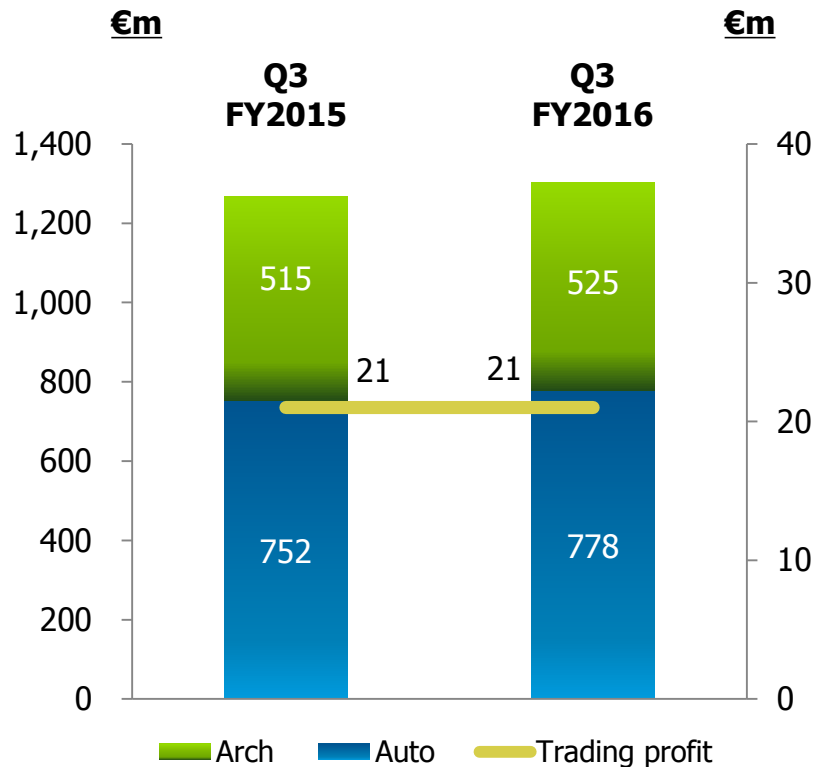
¥ 479.6 billion



**Cumulative Q3 FY2016**

# Europe

## Q3 FY2015 v Q3 FY2016



### Architectural

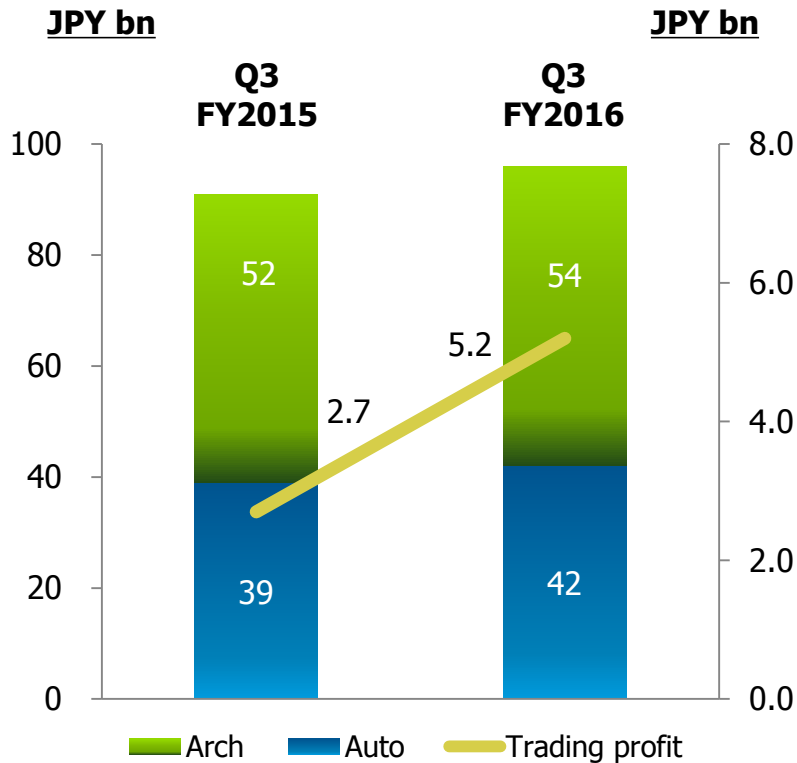
- Benefits from lower input costs, offset by negative impact of a cold repair
- Clear signs of market improvement in some regions

### Automotive

- Local currency revenues and profits improved slightly from previous year
- Growth in Western Europe indicating a sustainable market recovery

# Japan

## Q3 FY2015 v Q3 FY2016



### Architectural

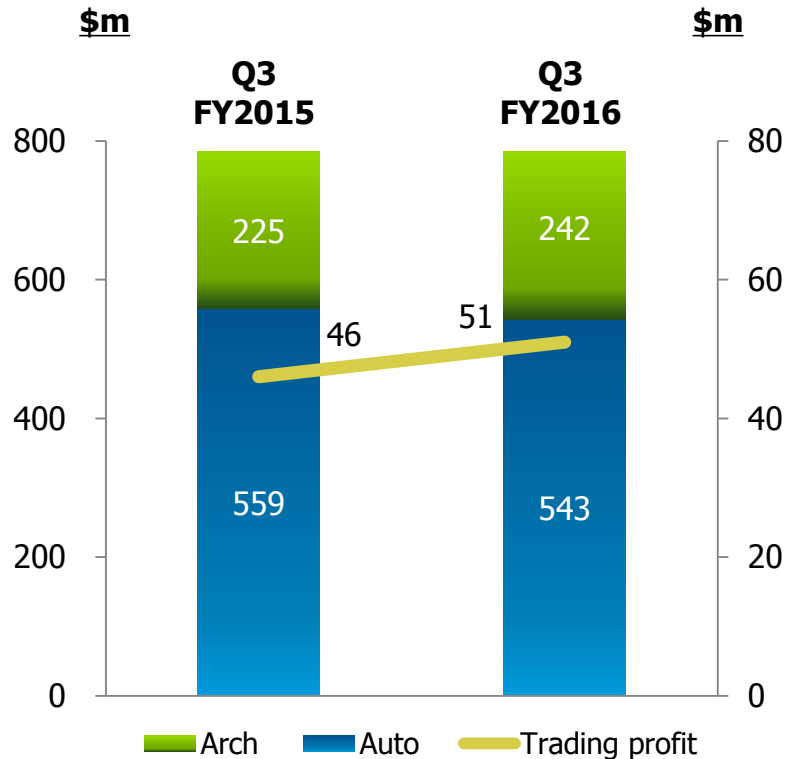
- Profitability improved with increased prices and lower input costs

### Automotive

- Revenues and profits ahead of previous year, despite the fall of light-vehicles sales after the revised eco-car incentives

# North America

## Q3 FY2015 v Q3 FY2016



### Architectural

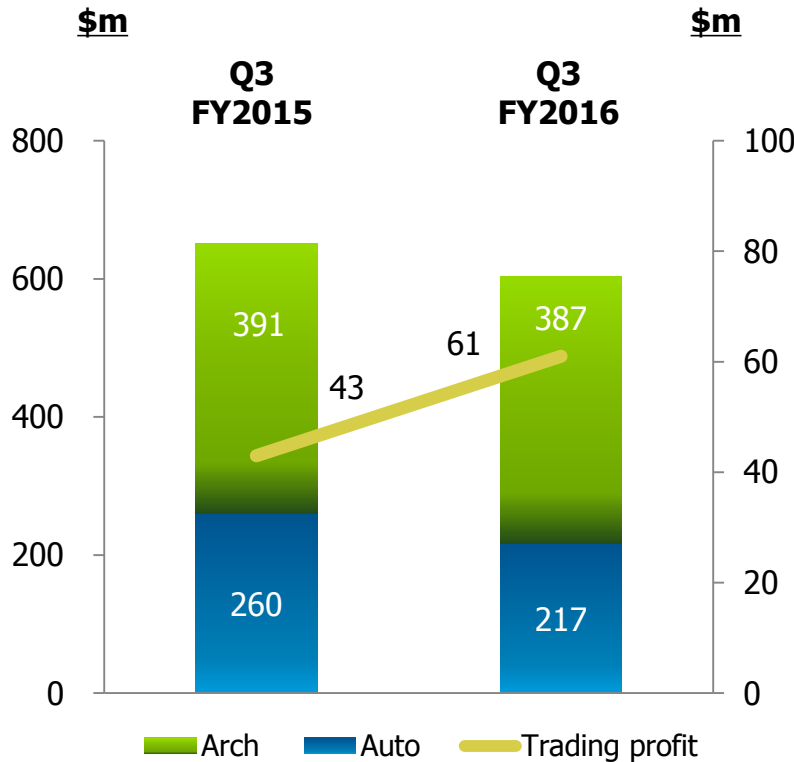
- Strong performance sustained, as architectural markets continue to show growth

### Automotive

- Local currency revenues were slightly below the previous year, despite the growth in market volumes

# Rest of World

## Q3 FY2015 v Q3 FY2016



### Architectural

- Robust demand in South East Asia
- Profits in Argentina affected by impact of a cold repair

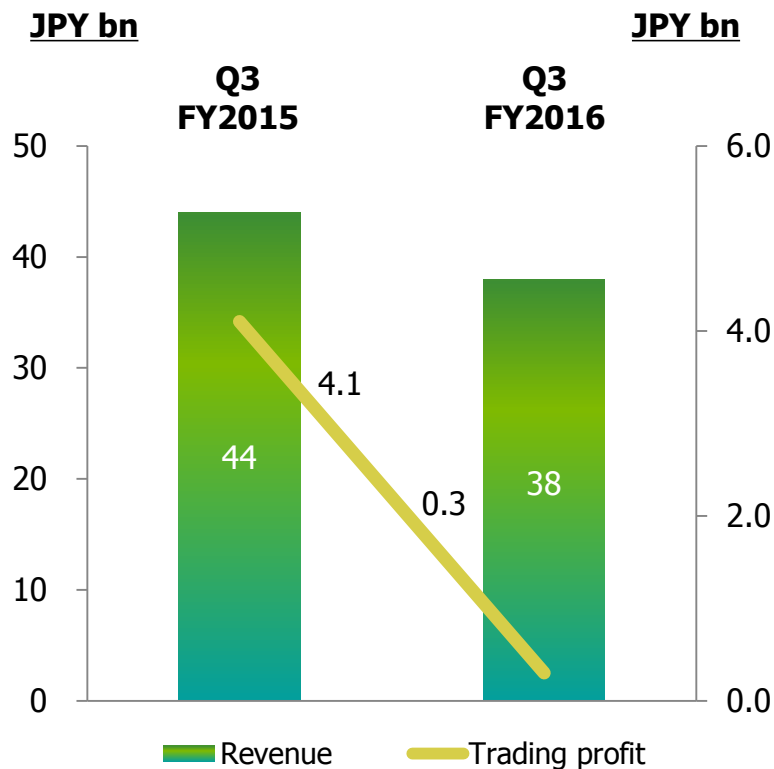
### Automotive

- Revenue and profit affected by weak market conditions in South America



# Technical Glass

## Q3 FY2015 v Q3 FY2016



### Technical Glass

- Revenues and profits fell due to challenging competitive environment and production issues in Display
- Demand for components used in office printers softened during the third quarter
- Volumes of glass cord used in engine timing belts were similar to the previous year

# FY2016 Q3 Results

(from 1 April 2015 to 31 December 2015)



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# Revised FY16 Forecast

| (JPY bn)  | <u>Original<br/>Forecast</u> | <u>Previous<br/>Forecast</u> | <u>New<br/>Forecast</u> |
|---|------------------------------|------------------------------|-------------------------|
| <b>Revenue</b>  | <b>655</b>                   | <b>650</b>                   | <b>650</b>              |
| <b>Operating profit</b>                                   | <b>24</b>                    | <b>19</b>                    | <b>19</b>               |
| <b>Profit before taxation</b>                             | <b>8</b>                     | <b>-</b>                     | <b>1</b>                |
| <b>Profit/(loss) for the period</b>                       | <b>4</b>                     | <b>-</b>                     | <b>(6)</b>              |
| <b>Profit/(loss) attributable to owners of the parent</b> | <b>2</b>                     | <b>-</b>                     | <b>(8)</b>              |

- Trading profit forecast as announced at Q2
  - Challenging market conditions expected to persist in display glass business
- Difficult market conditions being experienced by Chinese joint ventures and associates
- Increased tax charges in Europe, North America and South East Asia resulting from improving Architectural performance

# Summary

- Trading profit improving from previous quarters
- Challenging competitive environment in Display business
- Indications of improving outlook in Europe
- Improved performance in Japan
- Performance in North America and South East Asia remains strong
- Difficult market conditions persist in South America
- Update of FY16 forecast of profit before taxation, loss for the period, and loss attributable to shareholders

The projections contained in this document are based on information currently available to us and certain assumptions that we consider to be reasonable. Hence the actual results may differ. The major factors that may affect the results are the economic environment in major markets (such as Europe, Japan, the U.S. and Asia), product supply/demand shifts, and currency exchange fluctuations.

**Nippon Sheet Glass Co., Ltd.**

# Appendices

# Revenue by Business

## Q3 FY2016

| <b>(JPY bn)</b>        | <b>Europe</b> | <b>Japan</b> | <b>North America</b> | <b>Rest of World</b> | <b>Total</b> |
|------------------------|---------------|--------------|----------------------|----------------------|--------------|
| <b>Architectural</b>   | 70.7          | 53.9         | 29.6                 | 47.3                 | 201.5        |
| <b>Automotive</b>      | 104.7         | 42.2         | 66.3                 | 26.5                 | 239.7        |
| <b>Technical Glass</b> | 6.0           | 17.8         | 0.9                  | 13.1                 | 37.8         |
| <b>Others</b>          | 0.1           | 0.5          | 0.0                  | 0.0                  | 0.6          |
| <b>Total</b>           | 181.5         | 114.4        | 96.8                 | 86.9                 | 479.6        |



# Trading profit

## Q3 FY2016

| (JPY bn)       | Architectural | Automotive | Technical Glass | Other | Total |
|----------------|---------------|------------|-----------------|-------|-------|
| Trading profit | 16.7          | 5.0        | 0.3             | (5.4) | 16.6  |

| (JPY bn)       | Europe | Japan | North America | Rest of World | Total |
|----------------|--------|-------|---------------|---------------|-------|
| Trading profit | 1.9    | 1.0   | 6.1           | 7.6           | 16.6  |

# Assumptions

|                     | <b>Q3 FY2015</b> | <b>Q3 FY2016</b> |
|---------------------|------------------|------------------|
| Average rates used: |                  |                  |
| JPY/GBP             | 176              | 187              |
| JPY/EUR             | 141              | 135              |
| JPY/USD             | 107              | 122              |
| Closing rates used: |                  |                  |
| JPY/GBP             | 187              | 179              |
| JPY/EUR             | 145              | 133              |
| JPY/USD             | 121              | 121              |

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